

# **NEW HAMPSHIRE STATE LIQUOR COMMISSION**

## **MINUTES OF MEETING – MARCH 24, 2004**

**PRESENT:** Chairman Anthony Maiola and Commissioners John Byrne and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Aidan Moore, Chief of Enforcement; Peter Engel, Director of Store Operations; Howard Roundy, Director of Information Technology; Richard Gerrish, Spirits Marketing Specialist; Nicole Horton, Wine Marketing Specialist; George Tsiopras, Chief Financial Officer; Evie Taft, Human Resources Administrator. Guests: Brian Law, Michael Goclowski and Francine Markham of Law Warehouses.

### **I. FINANCIAL & ADMINISTRATIVE REPORTS**

#### **1. Financial Reports**

##### **A. Weekly, Y-T-D Sales Reports:**

Retail sales for the week ending March 21, 2004 were up 9.2%, on-premise sales were up 13.7%, off-premise sales were down almost 8.9%, and total aggregate sales increased by around 5.7%. The traffic count was up by 5,546, as was the average sale ticket by \$1.60.

The W-1 Total Weekly Sales report for the same week confirms total sales were up 5.7% or \$317,076, and were also up for the year by almost 8% or \$20,449,170. Wine sales increased for the weekly comparison by .45% or \$12,190, and also increased by 8.2% or \$9,727,888 for the year. Sales of spirits were up around 10.7% or \$304,886 for the week, as they were year-to-date by 7.8% or \$10,721,482.

There was nothing of significance to report regarding depletions and post-offs over the past week.

On March 22nd 2,000 additional gift cards were activated at a cost of \$5.00 each to accommodate the Martignetti promotion. These figures will show up in next week's report.

Evie Taft, the new Human Resources Administrator, will be setting up a schedule with Peter to visit some of the stores. She will be reviewing the workers' compensation reports each week.

The Commission has nothing on the agenda for today's Governor and Council meeting. Administrative Services, however, has the SA contract extensions and price extensions on the agenda. Apparently the Governor wants to put

a freeze on all consultant services. George will check to see if the RFP for the Public Information campaign involves such services. A \$298,000 transfer is on the consent calendar for Fiscal Committee.

Craig reported that efforts are being made with Law Warehouse to resolve some issues regarding breakage and sub-packs there. More information will be forthcoming at a later date.

The current W-6 Expense Budget Activity Variance Report indicates the year is at around 73% expended, with total agency expenditures also at about 73%. Money will be transferred into the utilities and salaries and benefits lines.

2. IT Report

The purchase order for the telxons has been delivered to Data Capture. Howard expects to see the new equipment in a month or so. There will be another purchase order coming out for training connected with this.

As it turns out, the extra \$15,000 in Paymentech funds which was discussed last week is targeted for point-of-sale conversion, and cannot be used for anything else.

The Commission has, from time to time, used a terminal supplied by the Department of Safety to do mass stored value (gift) card issuing. They are in the process of creating a new system for registration. There will be 3 to 4 hundred terminals which will be declared surplus, and Howard suggested that the Commission consider obtaining several of these to use for mass issuing.

Two disk drives were lost several weeks ago. This time, however, the disk redundancy of the new systems solved the problem very quickly, and the system kept right on running.

**II. MARKETING & SALES REPORTS**

1. Store Operations:

Total store sales for the week ending 3/21/04 were up 8.65% or \$355,479.03. Peter noted that 21% of this increase occurred on Sunday.

The stores are presently gearing up for year-end inventory taking place this coming Saturday and Sunday.

Peter said he had spoken with Hannaford representatives, and that terms of the lease for the Bedford location are still being worked out. Peter expects to hear something by the end of the week. The lease for the new Seabrook location has been finalized, and we are now just waiting to receive funding. Work is targeted to begin on May 1<sup>st</sup>.

2. Purchasing Report:

Product inventory is in good shape right now, with very few items out of stock.

3. Merchandising Report:

A. SPIRITS:

1) Test Market Products:

a. Test Market Request (Seagram's Orange Twisted Gin):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Pernod Ricard for a new test marketing listing for Seagram's Orange Twisted Gin, 750ML size (assigned Code #2613), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Test Market Request (Shakers Wheat, Rye & Rose Vodkas):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Infinite Spirits for new test market listings for Shakers Wheat Vodka (assigned Code #3433), Shakers Rye Vodka (assigned Code #3432) and Shakers Rose Vodka (assigned Code #3431), 750ML sizes, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Line Extension Request (Tangueray 10, 1.75L):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Schieffelin & Somerset for a line extension on Tangueray 10 in the 1.75L size (assigned Code #3648), as this product in the 750ML size has exceeded the gross profit required for an added size listing, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Blue Raspberry Vodka Appeal:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny an appeal from Martignetti Companies of N.H. regarding the delisting of Code #3557, UV Blue Raspberry, 750ML size, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Price Reduction (Das Komet Vanilla Liqueur):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a price reduction for Code #5592, Das Komet Vanilla Liqueur, 750ML size, which was formerly delisted by the Commission, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) One Time Buy Request (Johnnie Walker Pure Malt Scotch Whiskey):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from United Beverages, Inc./ Schieffelin & Somerset of a one-time buy on Johnnie Walker Pure Malt Scotch Whiskey (green label), 750ML size (assigned Code #2721), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

6) Dalmore Purchase:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from United Beverages, Inc./ Future Brands for the Commission to purchase a container of the following three (3) 750ML size spirit items, to be displayed in retail stores during June, July and August 2004: Code #2675, Dalmore 12-Year Old Single Malt; Code #2698, Dalmore 21-Year Old Single Malt; and Code #2650, Dalmore Cigar Malt Scotch. The motion was unanimously adopted.

7) May Special Offers:

a. 101 items – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Horizon Beverage Company, based upon depletions of one hundred and one

(101) spirit items, to be featured on sale during May 2004, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 111 items – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions of one hundred and ten (110) spirit items, to be featured on sale during May 2004, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

It was further moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission not approve a special offer from United Beverages, Inc. on Code #3612, Vodka Taaka, 1.75L size. The motion was approved on a two to one vote, with Commissioner Maiola opposed. (Subsequently, the Commission received a revised offer from the broker on this item, which was then reconsidered and approved as a special offer for May 2004.)

B. WINES:

1) New Hampshire State Liquor Commission Wine Tasting:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a wine tasting to take place at the Center of New Hampshire in conjunction with Easter Seals on January 27, 2005, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) New Wine Product Listing (full distribution – Code #31050):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve full distribution, to be made available to stores as needed, of Code #31050, Shiraz Delicato California, 750ML size, as this item has earned at least \$6,500 during a twelve-month period, the majority of which has been in the retail and on-premise markets, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Delist & Warnings (14 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the delisting of seven (7) wine items and removal from retail and warnings for seven (7) wine items failing to meet gross profit requirements as of December 31, 2003, as recommended by Kathleen Hass, Director of Purchasing and Nicole Horton, Wine Marketing Specialist, and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted. (Commissioner Byrne asked that a tighter system be developed to notify the broker and Commission of delistings and warnings.)

4) Special Offers for May 2004:

a. 10 items – Perfecta Wine Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Perfecta Wine Company, based upon depletions of ten (10) wine items, to be featured on sale during May 2004, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 29 items – Executive Wine & Spirits:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Executive Wine & Spirits, based upon depletions of twenty-nine (29) wine items, to be featured on sale during May 2004, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. 82 items – Martignetti Companies of N.H.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Martignetti Companies of N.H., based upon depletions of eighty-two (82) wine items, to be featured on sale during May 2004, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. 80 items – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Horizon Beverage Company, based upon depletions of eighty (80) wine items, to be featured on sale during May 2004, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Special Offers for the Spring Promotion Sales 2004 (38 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Executive Wine & Spirits/Martignetti Companies of N.H., to be featured on sale during the Spring Promotion Sale 2004, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

6) Yellow Tail Sweepstakes:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from United Beverages, Inc./W.J. Deutsch & Sons, Ltd. to conduct a consumer sweepstakes featuring seven (7) Yellow Tail wines, to be featured on sale during May and June 2004, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

7) Toasted Head Chardonnay Purchase:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny an offer from United Beverages, Inc./Connoisseur Wine Company, of a special purchase on Toasted Head Chardonnay, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

8) Close Out (1 item – Horizon Beverage Company):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a price reduction submitted by Horizon Beverage Company for one (1) wine item, including a stock floor adjustment, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

9) Recommended Wine Specialty Products (4 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve four (4) wine codes to be designated as wine specialty products, to be carried in wine specialty stores, as recommended by Nicole Horton, Wine Marketing Specialist, and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

10) Recommended Allocated Wines for Distribution to Selected Stores (2 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve two (2) allocated wines for distribution to selected stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

11) “R” Wines for Allocation to Licensees Selected by the Broker, and Retail Distribution (1 item):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve one (1) “R” wine for allocation to licensees selected by the broker, and retail distribution, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

12) Primary Source Submissions (2 items – primary source; 9 items – exclusive agent; 7 items – imported):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of two (2) wine codes which are from primary source, nine (9) wine codes which are not from primary source, but are offered by the exclusive marketing agent, and seven (7) wine codes which are not from primary source, but are imported, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**III. ENFORCEMENT & LICENSING REPORT – None.**

**IV. CHAIRMAN’S REPORT & LATE ITEMS**



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1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated March 19 through March 24, 2004. The motion was unanimously adopted.

2. Coupon Approvals: None.

3. Late Items/Other: None.

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Anthony C. Maiola, Chairman

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John W. Byrne, Commissioner

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Patricia T. Russell, Commissioner

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